

Sim firm acquisitions cross borders

Two cross-border acquisition deals have targeted simulation software companies for their potential to broaden training solution offerings.

Singapore Technologies Engineering has acquired 80 percent of U.S.-based simulation software specialist MÄK Technologies. The \$20 million deal was arranged through ST Engineering's U.S. arm, Vision Technologies Kinetics (VTK).

Meanwhile, Engenuity Technologies of Montreal is acquiring AcuSoft of Orlando, Fla., in a deal worth up to \$2.66 million. AcuSoft specializes in software for simulation, training, visualization and automation, and will add depth to Engenuity's range of simulation tools, enabling it to expand its U.S. business.

Both deals were announced in October.

VTK bought the 80 percent stake in MÄK from founding shareholders Warren Katz and John Morrison, and other employees. Katz and Morrison will retain the remaining 20 percent of MÄK.

ST Engineering said the acquisition will allow it to create more sophisticated simulation products. "Rapid technology advancement is accelerating the convergence of simulation and digital media technologies. ST Electronics has identified this trend as an opportunity to expand beyond its simulation business into new domains, such as computer video games and animation," the company said.

"The acquisition moves us up the value chain in the simulation world and strengthens our position to capture growth in the convergence of digital media and simulation technologies," ST Engineering president Tan Pheng Hock said.

AcuSoft will retain its name and identity but use an Engenuity logo and market itself as an Engenuity

Technologies company.

"Eighteen months ago, we began a partnership agreement on a couple of products — at that stage, a simulation tool and the PowerSTRIPES after-action-review tool. The relationship blossomed, and we were pretty soon

us. This was especially relevant to our artificial intelligence and High Level Architecture design tools. Third was the fact that the details of the acquisition led us down a path in which we could have our own U.S. company op-

"We will be combining two ranges of services with significant compatibility and exploitable synergies — we're a very small company and Engenuity has extremely good connections we can use to our mutual advantage," Szymanski said.

"European opportunities for OneSAF-type products are legion. We've used the U.S. Foreign Military Sales program to approach these to date, but Engenuity has sales and marketing assets we lack," he added.

Canada, the United Kingdom, Italy, Australia and the Czech and Slovak republics are target markets, Commune

said. "In the short term, we will be developing synergies and working with PEO STRI to exploit these. But we will be developing and marketing a second wave of products to a much wider market as soon as possible," he said.

Szymanski pointed to some work to accelerate this process. "In September, we provided ongoing improvements for the military scenario development environment and the after-action-review components of the OneSAF Objective System release 1.0. This will provide us with a springboard for further development," he said.

The acquisition is based on the issue of \$2 million in Engenuity shares and up to \$660,000 in cash in two installments.

"This represents approximately AcuSoft's revenue last year, and they have grown significantly and been profitable in the last seven months," Commune said, adding that Engenuity's revenue in the financial year ended June 30 was 13 million Canadian dollars (\$12.3 million).

— Karen Walker/Tim Mahon



ENGENUITY

Engenuity Technologies of Canada, which acquired AcuSoft of the U.S., is one of several simulation software firms looking to broaden their offerings internationally.

in merger talks," said Patrice Commune, chief executive officer at Engenuity Technologies.

There were three major attractions from Engenuity's point of view that drove the merger, Commune said. "First, there were the channels the deal would open up for us. AcuSoft had a five- to seven-year relationship with [the U.S. Army's Program Executive Office for Simulation, Training and Instrumentation] and the OneSAF folks, which they had managed extremely well, and they could also provide a channel for us to deploy our products to large projects such as Future Combat Systems. Second, it gave us an opportunity to move our STAGE product line — very complementary to the OneSAF objectives — into new programs for

erating under U.S. conditions," he said.

AcuSoft will form the hub of Engenuity Technologies' U.S. presence and will operate under the Foreign Ownership Control regulations, under which an independent board of directors will run the U.S. company and ensure no sensitive technology or information is transferred to the foreign parent company. Initially, the U.S. board will consist of Jacques Dubois, chief financial officer of Engenuity Technologies; Bill Szymanski, president of AcuSoft; Lana Liu, treasurer and secretary of AcuSoft; retired U.S. Army Gen. George A. Joulwan; and Nick Ali, a former vice president at Lockheed Martin. Products developed for export will be subject to the U.S. International Traffic in Arms Regulations.